



## TEAM Tax Exempt Lending Term Sheet

<b>Purpose</b>	MSHDA offers tax-exempt loans for the development of affordable rental housing. Subordinate HOME loans may be provided to the extent certain objectives are met, including lower income family or senior housing, integrated supportive housing, and workforce housing.
<b>Eligible Borrowers</b>	Non-profit housing corporations and limited dividend entities eligible under the Authority's Act.
<b>Eligible Developments</b>	New construction and acquisition and rehabilitation of rental developments for family or senior citizens of 24-150 units.
<b>Loan Limits</b>	110% of the applicable for-profit HUD 221(d)(3) Mortgage Limits. For profits can receive up to 90% of the total development cost, subject to the above limitation.
<b>Income Restrictions</b>	At a minimum, either 20% of the units must be income and rent restricted to households whose incomes do not exceed 50% of area median income or 40% of units must be income and rent restricted to households whose incomes do not exceed 60% of the AMI. Additional restrictions may apply for loans with HOME subordinate financing.
<b>Rate</b>	Visit our website, <a href="http://www.michigan.gov/mshda">www.michigan.gov/mshda</a> , for current rates
<b>Special Rate</b>	Up to 1/2% of the interest rate may be deferred if at least 15% of the units will be affordable to a targeted special need population with services provided in accordance with a MSHDA approved Addendum III Supportive Services plan.
<b>Term</b>	Typically 35 years
<b>HOME Loan Rate/Amortization</b>	3% simple interest amortized over 50 years. Payments may be deferred for up to 12 years if deferred developer fee exists. Annual payments made from available cash flow, with unpaid balance, including accrued interest, becoming the new first after the first mortgage balance is paid.
<b>HOME Loan Parameters</b>	Typically available for development of 50 units or less, capped at \$600,000 per development. Priority for projects with matching funds or other local contributions. PILOT required. At least 10% of units must be targeted to 50% of AMI or less.
<b>Debt Coverage Ratio</b>	Minimum of 1.10
<b>Loan Guarantee</b>	Non-recourse
<b>Prepayment Provision</b>	20 year prepayment prohibition
<b>Affordability Requirement</b>	35 year original mortgage term or 50 years if combined with HOME loan
<b>Operating Assurance Reserve</b>	An Operating Assurance Reserve (OAR) will be established equal to four months estimated operating expenses. The OAR will be held by MSHDA and accumulate interest.
<b>Replacement Reserve</b>	The first year deposit is a minimum of \$250 per unit. The minimum for family or new construction will be \$300 per unit.
<b>Michigan Green Communities Grant</b>	Grant of \$1,000 per affordable unit, up to a maximum of \$50,000 is available from MSHDA for rehabilitated developments meeting the Michigan Green Communities criteria. The Enterprise Foundation will match funds and a \$3,000 grant is provided for administrative reporting.
<b>Environmental Reviews</b>	Phase I Environmental Site Assessment required
<b>Origination and Other Fees</b>	2% of mortgage loan amount. LIHTC application, commitment and compliance fees apply.
<b>Application Fee</b>	\$1,000

### ***For More Information Contact:***

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